

Sunnyside Gold Corporation (SGC) Meeting Minutes  
Oct. 6, 2011

Attendees:

Greg Etter – Vice President SGC

Kevin Roach – Director Reclamation SGC

Larry Perino – Reclamation Manager SGC

Brent Lewis – BLM, Colorado State Office AML Program Lead

Contact information for the SGC representatives is provided at the end of these minutes.

Purpose of Meeting: Sunnyside representatives requested the meeting to introduce themselves to the BLM State Office and discuss their offer of \$6.5 million to assist in improving the water quality of the Animas River.

SGC's Emphasis during the meeting:

1. SGC emphasized their desire to assist in formulating a solution to the water quality issues impacting the Animas River and they voluntarily are offering the \$6.5M as a catalyst for moving forward in improving the water quality.
2. Although nobody knows what the final remedy may be, their dollar amount was determined by assessing costs of similar reclamation actions along with their current available funding.
3. The money they offer is for Operation and Maintenance (O&M) for any remedy that may be selected by the Animas River Stakeholders Group (ARSG).
4. SGC does not want to use CERCLA or Superfund as the stigma will hurt the local community of Silverton as well as the investors of the publically owned Sunnyside/Kinross.

BLM's Emphasis during the Meeting:

1. The BLM discussed their CERCLA constraints. The primary points were:
  - BLM's cleanup authority on federal land is CERCLA, and this authority is equivalent to EPA's authority on private land.
  - Funding for CERCLA is through the CHF (see next item).
2. BLM is trying to "think outside the box", i.e., outside the normal CERCLA process, to find ways to move forward.
  - The DOI has a centralized CERCLA fund from which DOI agencies compete for CERCLA funds. This fund is known as the Central HazMat Fund (CHF). With this in mind, if *[emphasis added]* BLM were to request CHF funds, that project would need to recognize as a CERCLA project. However, if DOI/BLM can think outside the box, a CERCLA-equivalent project could qualify for CHF funds. The latter would be a new concept in the DOI process and shouldn't be considered impossible as the private sector does perform CERCLA-equivalent actions to avoid the CERCLA stigma.

- 3 The BLM also pointed out the advantages of using CERCLA as it presents a logical cost-effective process for selecting a remedy. Particularly, CERCLA actions are based upon a reasonable definition of risk that is based upon naturally occurring background conditions. To date, neither of these has been adequately defined. In addition, State regulated permitting isn't required under CERCLA, and a CERCLA action is protected from lawsuits.
- 4 The BLM recognizes the fact that SGC would like to limit their liabilities to the problem, and with or without the CERCLA process, some type of formal agreement will likely be necessary and additional meetings are recognized.

SGC

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